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ECONOMIC AND OUTCOMES ISSUES IN MENTAL HEALTH

MHA1

THE ECONOMIC BURDEN OF ALZHEIMER'S DISEASE TO MEDICAID IN CALIFORNIA (MEDI-CAL)

Menzin J[1], Lang K[1], Friedman M[1], Neumann P[2]
[1]Boston Health Economics, Inc., Billerica, MA, USA;
[2]Harvard School of Public Health, Cambridge, MA USA

State Medicaid programs may bear a large portion of the costs of Alzheimer's disease (AD), since they are the major public payers for nursing home care. Recent data on current spending by Medicaid for these patients are not available.
OBJECTIVE: To document Medicaid spending in California for persons with AD.
METHODS: This study was based on enrollment and claims data for a 10% random sample of Medi-Cal recipients 60+ years of age with Medicaid claims in 1995 (N = 62,450). Using a prevalence-based cost-of-illness methodology, the cost of AD was estimated as the difference in average annual costs between persons with AD and/or dementia, and an age- and sex-matched comparison cohort. Dementia was included with AD, since the latter is difficult to diagnose, and may be coded more broadly as dementia in an administrative database. Multivariate analyses were undertaken to control for differences in factors other than age and sex, including comorbid conditions.
RESULTS: A total of 2,575 patients with AD and/or dementia were identified, a prevalence of 4.1%. From the 59,875 remaining recipients, 2,575 matched controls were randomly selected. Several comorbid conditions were found to be more common in the group with AD and/or dementia. After adjustment, average annual payments were found to be $7,700 higher for the AD/dementia cohort ($14,500 versus $6,800 for the comparison cohort, $p < 0.01$), 90% of which represented nursing home costs.
CONCLUSIONS: A diagnosis of AD and/or dementia is associated with substantially higher Medicaid expenditures. Annual excess spending for AD and/or dementia for the Medi-Cal program may be as high as $200 million, or 10% of all expenditures for elderly recipients.

MHA2

COST IMPACT OF USING OLANZAPINE AT A VETERANS AFFAIRS MEDICAL CENTER

Weiss MA, McCollum M
Department of Veterans Affairs Medical Center,
Denver, CO, USA

The atypical antipsychotic agent olanzapine became available for use at the Denver VA Medical Center late in 1996. Acquisition costs are significant and warrant economic analysis.
OBJECTIVE: The purpose of this study is to examine the impact of olanzapine therapy on costs of care for patients at this medical center.
METHODS: A total of 59 patients receiving olanzapine were identified from pharmacy databases. Of these patients, 25 received the drug for at least 6 months. Data were compiled for psychiatry-related prescriptions, clinic visits, and inpatient stays. All cost comparisons reported are for the 6-month time periods before and after initiation of olanzapine therapy. Costs for prescriptions reflect drug acquisition costs. Costs for clinic visits and inpatient stays were calculated using average unit costs. A paired t-test was used to compare means.
RESULTS: The following per-patient results were obtained: mental health clinic visits decreased by 32.3 (sd ± 44.4, $p = 0.001$), hospital admissions fell by 0.6 (sd ± 0.9, $p = 0.003$), and average length of stay decreased by 19.5 days (sd ± 34.5, $p = 0.009$). The average number of active prescriptions per patient increased from 3.4 to 3.5, while the average cost per patient of those prescriptions increased from $586 to $2,230. Total costs changed as follows: pharmacy costs increased from $14,700 to $55,800, costs for clinic visits and hospitalizations fell from $131,100 to $93,100 and from $301,100 to $90,700, respectively. Overall cost per patient decreased from $17,900 to $9,600.
CONCLUSIONS: While an increase in pharmacy costs after initiation of olanzapine therapy was seen, overall costs of psychiatry-related care decreased in this patient population.

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